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THOMAS SEARING JACKSON +
JAQUELIN AMBLER MARSHALL
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BENJAMIN W. DULANY *
KENNETH WELLS PARKINSON
DANIEL WEBSTER COON +
THOMAS PENFIELD JACKSON +
ARTHUR C. ELGIN, JR. +
JAMES P. SCHALLER *
ROGER V. BARTH +
JAMES E. BRAMMER
PATRICIA D. GURNE
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ALAN R. SWENDIMAN +
PATRICK L. WOODWARD +
JAMES R. MICHAL
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CLIFFORD A. WILPON +
DAVID H. COX *
RICHARD W. BRYAN

*ALSO ADMITTED IN MARYLAND
*ALSO ADMITTED IN VIRGINIA

LAW OFFICES
JACKSON, CAMPBELL & PARKINSON, P.C.
ONE LAFAYETTE CENTRE
SUITE 300 SOUTH
1120 20TH STREET, N.W.
WASHINGTON, D.C. 20036

(202) 457-1600

February 17, 1981

RECORDATION NO. 9048-I
FEB 18 1981 10 43 AM
INTERSTATE COMMERCE COMMISSION
MARYLAND OFFICE
1000 MONROE STREET
ROCKVILLE, MARYLAND 20850
(301) 340-0450

VIRGINIA OFFICE
2000 N. 16TH STREET
ARLINGTON, VIRGINIA 22201
(703) 522-1330

ROGER H. MUZZALL
COUNSEL

DIRECT DIAL NUMBER
457-1634

1-049A015

No.
FEB 18 1981
Date.....
Fee \$10.....

ICC Washington, D. C.

Ms. Agatha L. Mergenovich
Office of the Secretary
Recordation Office
Interstate Commerce Commission
12th Street and Constitution Avenue, N.W.
Washington, D.C. 20423

Re: Citicorp Leasing, Inc. and Rex
Railways, Inc.; Recordation File
No. 9048.

Dear Ms. Mergenovich:

In accordance with the provisions of Section 11303 of the Revised Interstate Commerce Act, 49 U.S.C. § 11303, and Part 1116 of Title 49 of the Code of Federal Regulations, I request, as special counsel for Citicorp Leasing, Inc., that the enclosed document be recorded and filed by the Interstate Commerce Commission in Recordation File No. 9048.

You will find enclosed herewith two originals and one certified copy of an Amendment to Security Agreement Chattel Mortgage and Assignment of Lease, dated February 9, 1981, by and between Citicorp Leasing, Inc. and Rex Railways, Inc.

The parties to the Amendment to Security Agreement Chattel Mortgage and Assignment of Lease are:

Citicorp Leasing, Inc.
Attention: Mr. J. Catherwood
Vice President
399 Park Avenue
New York, New York 10043

and

RECEIVED
FEB 18 10 42 AM '81
I.C.C.
FEE OPERATION BR.

C. L. Mergenovich - Rex R. Leasing

Ms. Agatha L. Mergenovich
February 17, 1981
Page two

Rex Railways, Inc.
Attention: Mark A. Salitan
Executive Vice President
616 Palisade Avenue
Englewood Cliffs, New Jersey 07632

You will also find enclosed herewith a check made payable to the Interstate Commerce Commission in the amount of Ten Dollars (\$10.00), which sum is intended to cover the filing fee appropriate for an amendment of this nature.

From my review of the documents contained in Recordation File No. 9048, this document should be assigned Recordation No. 9048-I. Would you please stamp, as filed, and return the enclosed copies of said Amendment to my office at your earliest convenience?

If you have any questions in this regard, please do not hesitate to contact me.

Sincerely yours,

JACKSON, CAMPBELL & PARKINSON, P.C.

By:



David H. Cox

DHC/lg

cc: Karen J. Kirchen, Esquire

Enclosures As Stated

Interstate Commerce Commission
Washington, D.C. 20423

OFFICE OF THE SECRETARY

David H. Cox
Jackson, Campbell & Parkinson, P.C.
One Lafayette Centre
1120 20 th St. N. W.
Washington, D. C. 20036

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 2/18/81 at 10:45AM , and assigned re-recording number(s). 9048-I

Sincerely yours,

Agatha L. Mergenovich
Agatha L. Mergenovich
Secretary

Enclosure(s)

RECORDATION NO. 9048-I
FEB 18 1981-10 45 AM
INTERSTATE COMMERCE COMMISSION
Filed 1425

AMENDMENT TO SECURITY AGREEMENT
CHATTEL MORTGAGE AND
ASSIGNMENT OF LEASE

WHEREAS, Citicorp Leasing, Inc. ("CLI") has made three loans to Rex Railways, Inc. ("Rex"), each evidenced by a promissory note, dated October 25, 1977, December 30, 1977, and March 1, 1978, respectively, in original principal amounts of \$1,360,000, \$4,080,000 and \$2,720,000, respectively, (collectively, the "Old Notes"), to finance the purchase of certain railroad boxcars (the "Equipment"); and

WHEREAS, as security for the Old Notes and pursuant to a Security Agreement Chattel Mortgage and Assignment of Lease Agreement dated as of September 27, 1977 (as amended, the "Agreement"), Rex granted to CLI a security interest in the Equipment and assigned to CLI a lease of the Equipment between Rex, as lessor, and National Railways Utilization Corp. and the Pickens Railroad Corp. as lessees, dated September 19, 1977 (referred to in the Agreement and hereinafter as the "Lease"); and

WHEREAS, upon the terms and conditions set forth in a Consent and Agreement dated as of October 31, 1980 (the "Consent and Agreement"), CLI consented to the termination of the Lease by Rex; and

WHEREAS, the Lease has been terminated; and

WHEREAS, pursuant to the Consent and Agreement, CLI has agreed to refrain from declaring an event of default as a result of

the termination of the Lease prior to January 15, 1981, provided, inter alia, that Rex obtains a new lease or leases for the Equipment, with lessees acceptable to CLI, for terms acceptable to CLI and with rental payments aggregating an amount sufficient to make monthly principal and interest payments due on the Old Notes, prior to such date; and

WHEREAS, Rex has to date timely made each monthly principal and interest payment due under the Old Notes but has, despite its best efforts, been unable to obtain such new leases and desires that CLI not declare an event of default solely because of such inability, and further desires complete flexibility regarding the terms and conditions of any new leases; and

WHEREAS, Rex and CLI have reached a compromise and settlement whereby Rex's debt will be refinanced and CLI will relinquish any and all rights previously granted under the Agreement and the Consent and Agreement to approve prospective lessees and the terms and conditions of future leases; and

WHEREAS, contemporaneously herewith, Rex has made a \$500,000 prepayment on the Old Notes and has executed a new promissory note in the amount of \$ 5,915,464.62 (the "Note") to refinance the Old Notes;

NOW THEREFORE, in consideration of the mutual covenants and

agreements contained herein and other good and valuable consideration each to the other given, receipt whereof is hereby expressly acknowledged, it agreed between the parties hereto as follows:

1. All references to the Note or Notes in the Agreement shall be deemed to be references to the Note as defined above.

2. Subparagraph (d) of the Agreement located on pages 5 and 6 thereof is hereby deleted and the following is hereby inserted in lieu thereof:

"Any lease of all or any part of the Equipment (the "New Lease") and all of the Lessor's estate, right, title, interest, claim and demand in, to any under any such New Leases, provided however, that it is expressly agreed that anything herein to the contrary notwithstanding, that so long as it is not in default hereunder, Lessor shall have unrestricted discretion with respect to the negotiation of the terms of, and entry into, any of the New Leases, including but not limited to, selection of any prospective lessees, length and duration, renewal options and the amount of rent, and Lessor shall not be required to secure any approval or

consent of Citicorp in connection therewith; it is further provided, however, that Citicorp or any of its successors or assigns shall have no obligations or liability under any of the New Leases by reason of or arising out of this Agreement nor shall Citicorp, its successors or assigns be required or obligated in any manner to perform or fulfill any obligations of the Lessor under or pursuant thereto or to make any payment or to make any inquiry as to the nature or sufficiency of any payment received by it or to present or file any claim, or to take any other action to collect or enforce the payment of any amounts which may have assigned to it or to which it may be entitled hereunder at any time or times;

"IT IS HEREBY AGREED by the parties hereto that the Collateral is to be held, used and operated subject to the further terms herein set forth."

3. All references to the Lease in the Agreement shall be deemed to be references to the New Leases and all references to the Lessee shall be deemed to references to any lessee under a New Lease.

4. Section 1 of the Agreement is hereby deleted in its entirety.

5. Section 2 of the Agreement is hereby deleted in its entirety and the following is inserted in lieu thereof.

"(a) Lessor shall promptly assign any New Leases to Citicorp as further security for the Note and its obligations hereunder. Such assignment shall be substantially in the form of Exhibit D-2 annexed hereto and made a part hereof.

"(b) Lessor agrees that, at the request of Citicorp, it shall take such actions and make such filings with the Interstate Commerce Commission or otherwise, in order to preserve and protect the rights of Citicorp under the assignment of any New Leases.

"(c) Effective upon a default, as defined herein, Lessor does hereby irrevocably constitute and appoint Citicorp its true and lawful attorney with full power of substitution, for it and in its name, place and stead, to ask, demand, collect, receive, receipt for, sue for, compound and give acquittance for any and all rents, income and other sums which are assigned to Citicorp pursuant to this Agreement, with full power to settle,

adjust or compromise any claim thereunder as fully as Lessor could itself do, and to endorse the name of Lessor on all commercial paper given in payment or in part payment thereof, and in its discretion to file any claim or take any other action or proceedings, either in its own name or in the name of Lessor, or otherwise, which Citicorp may deem necessary or appropriate to collect any and all sums which may be or become due or payable under the New Leases, or which may be necessary or appropriate to protect and preserve the right, title and interest of Citicorp in and to such rents and other sums and the security in the New Leases. In the event of a default by Lessor hereunder, Citicorp shall have the right to notify any lessees on New Leases to make all payments due under such New Leases directly to Citicorp.

"(d) Notwithstanding anything herein to the contrary, as long as Lessor is not in default hereunder, it shall have the unrestricted right

to exercise any of its rights and/or remedies as Lessor under any of the New Leases including but not limited to, the right to amend, supplement or terminate any of such New Leases or to give waivers or consents thereunder, and the right to consent or withhold consent to any subleases of any Equipment subject to any New Lease, all without securing the approval or consent of Citicorp."

6. Subparagraphs l and m of Section 3 of the Agreement are hereby deleted in their entirety.

7. Subparagraph (c) of Section 6 of the Agreement is hereby deleted in its entirety and the following is inserted in lieu thereof:

"(c) Lessor shall give prompt written notice to Citicorp of any amendments or supplements to any New Leases and of any subleases of any Equipment subject to a New Lease."

8. The word "lease" in subparagraph (d) of Section 6 of the Agreement is hereby deleted.

9. Subparagraph (a) of Section 8 of the Agreement is hereby amended by deleting the words "maintained by (i) the

Lessee" and by deleting the words "Unless Citicorp shall otherwise agree in writing ... that such equipment is going back on Lease".

10. The following section is hereby added as Section 9A of the Agreement:

"9A. Covenants of Lessor. So long as any obligations secured hereunder shall remain outstanding, Lessor shall, unless Citicorp shall otherwise consent in writing:

(a) Maintain a minimum net worth, calculated according to generally accepted accounting principles, of not less than \$8,000,000.

(b) Maintain a ratio of total long-term and short-term debt plus long-term capital lease obligations to stockholders' equity not exceeding 4 to 1 calculated according to generally accepted accounting principles."

11. The following section is hereby added as Section 9B of the Agreement:

"9B. Financial Statements, Reports and Information"
Lessor shall deliver to Citicorp:

(a) Quarterly financial statements of Rex-Noreco, Inc., within 45 days of the end of each of its fiscal quarters, certified by one of its duly authorized financial officers.

(b) A copy of its annual audited report, certified by independent public accounts of recognized standing, within 110 days after the close of each fiscal year of Lessor.

(c) A certificate by an executive officer of Lessor stating that, to the best of his knowledge and belief, Lessor is not in default hereunder. Such a certificate shall be delivered to Citicorp quarterly, commencing May 1, 1981.

12. Subparagraph (a) (ii) of Section 10 of the Agreement is hereby amended by deleting the words "or the lease." Subparagraph (a) (iv) of Section 10 of the Agreement is hereby amended by deleting the words "(iv) a default ... continuing under the Lease," and inserting in lieu thereof the words "(iv) Rex shall default on any obligation of \$1,000,000 or more, and such obligation shall have been accelerated."

13. Subparagraph (b) of Section 10 of the Agreement is hereby deleted in its entirety, and the following inserted in lieu thereof.

" (b) Notwithstanding anything herein to the contrary, it is expressly understood and agreed, that a default by Lessor or any of the lessees under any of the New Leases, under any of the terms of any of the New Leases, or the cancellation and/or termination of any such New Leases shall not constitute an event of default hereunder."

14. To the extent that this Amendment contains terms that are inconsistent with the terms of the Agreement, the terms of this Amendment shall control.

15. Except as modified and supplemented herein, the Agreement shall remain in full force and effect.

16. This amendment shall be binding upon and inure to the benefit of CLI, Rex their respective administrators, assigns, successors, officers, directors, trustees, agents and/or representatives.

17. This amendment may be executed by the parties in counterpart originals with the same force and effect as if fully and simultaneously executed in a single original document.

18. Notwithstanding anything in the Agreement, Consent and Agreement and/or herein to the contrary, Rex and CLI shall each bear their own respective costs and expenses incurred in connection with the preparation and execution of this amendment and any and all documents attendant thereto, except that Rex agrees to reimburse CLI for any reasonable legal costs and expenses incurred by CLI's attorneys, Jackson, Campbell & Parkinson, P.C., solely in respect of their filing of this amendment with the Interstate Commerce Commission and their issuance of an opinion in connection with such filing.

IN WITNESS WHEREOF, the parties have fully executed this instrument this of February, 1981.

CITICORP LEASING, INC.

By J. H. Catherwood - VP

REX RAILWAYS, INC.

By Thomas A. Fautan, Jr. - V.P.

ACKNOWLEDGED, AGREED AND
CONSENTED TO BY GUARANTOR:

REX NORECO, INC.

By Thomas A. Fautan, Pres.

EXHIBIT D-2

COLLATERAL ASSIGNMENT

As further security for its obligations under a Security Agreement, Chattel Mortgage and Assignment of Lease, dated September 27, 1977, as amended (the "Agreement") and under the Notes (as defined in the Agreement), the undersigned (herein called the "Lessor") and, subject to the terms and conditions of the Agreement, hereby assigns to Citicorp Leasing, Inc. (herein called the "Assignee"), all of Lessor's right, title and interest in all sums due and to become due under a lease between Lessor and _____, as lessee dated _____ (herein called the "Lease"), together with all claims for damages arising out of breach thereof and all rights of the Lessor to terminate the Lease, to perform thereunder and to compel performance of the terms thereof.

This assignment is made pursuant to the Agreement, and the respective rights of Lessor and Assignee relative to the Lease and this assignment shall be governed by the terms and conditions of the Agreement.

REX RAILWAYS, INC.

By: _____

STATE OF NEW YORK)

: SS.:

COUNTY OF NEW YORK)

On this 9th day of Feb., 1981, before me personally appeared mark A. Salitan to me personally known, who being by me duly sworn, says that he is a President of Rex Noreco, Inc., that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



Notary Public
CONCETTA ABBOTT
Notary Public, State of New York
No. 41-5001505
Qualified in Queens County
Certificate filed in New York County
Commission Expires March 30, 1982 ✓

(Notarial Seal)

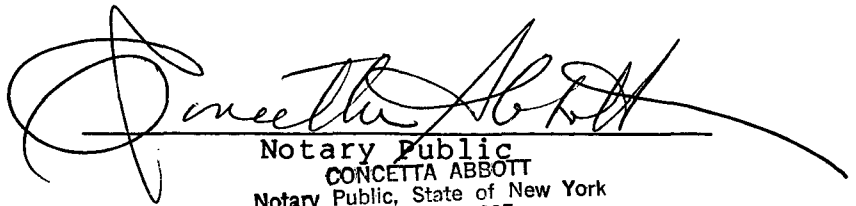
My commission expires: 3/30, 1982 ✓

STATE OF NEW YORK)

: SS.:

COUNTY OF NEW YORK)

On this 9th day of February, 1980, before me personally appeared John H. Catherwood, to me personally known, who, being by me duly sworn, says that he is a Vice President of Citicorp Leasing, Inc., that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



Notary Public
CONCETTA ABBOTT
Notary Public, State of New York
No. 41-5001505
Qualified in Queens County
Certificate filed in New York County
Commission Expires March 30, 1982

(Notarial Seal)

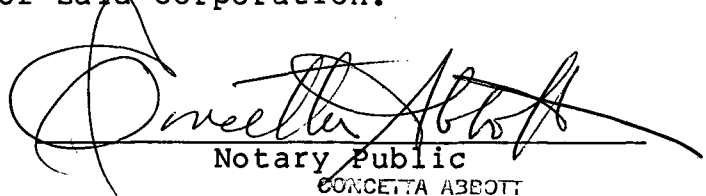
My commission expires: 3/30, 1982

STATE OF NEW YORK)

: SS.:

COUNTY OF NEW YORK)

On this 9th day of February, 1981 before me personally appeared Mark A. Salitan, to me personally known, who being by me duly sworn, says that he is a Exec. V. P. of Rex Railways, Inc., that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



Notary Public
CONCETTA ABBOTT
Notary Public, State of New York
No. 41-5001505
Qualified in Queens County
Certificate filed in New York County
Commission Expires March 30, 1982

(Notarial Seal)

My commission expires: 3/30, 1982